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**REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES**

**Audit Of The House Recording
Studio Revolving Fund For
The Nine-Month Period Ended
March 31, 1976**

House of Representatives

RELEASED

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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-114842

The Honorable Edmund L. Henshaw, Jr.
Clerk of the House of Representatives

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Dear Mr. Henshaw:

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We have audited the House Recording Studio Revolving Fund for the 9-month period ended March 31, 1976, pursuant to your request dated March 15, 1976.

GENERAL COMMENTS

1 The House Recording Studio was established pursuant to the provisions of section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio, which is operated by a director under the jurisdiction of the Clerk of the House of Representatives and subject to the direction and control of the Committee on the House Recording Studio, makes film and audiotape and video tape recordings for Members and committees of the House of Representatives. The prices to be charged for services are set by the Clerk of the House, subject to the approval of the Committee on the House Recording Studio.

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Studio operations are financed from a revolving fund and from funds appropriated to the Clerk of the House. All moneys received from operations are deposited into the revolving fund and are available for the operation of the Studio. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records but are referred to in a footnote to schedule 2 of the financial statements.

So that we could spread our legislative branch workload over the year, the Studio agreed to change the close of its annual accounting period for the revolving fund from June 30 to March 31. This report, therefore, covers the 9-month transitional period July 1, 1975, through March 31, 1976.

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund at March 31, 1976, and June 30, 1975, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable amounted to \$27,382 at March 31, 1976, an increase of \$5,218 from the amount at June 30, 1975. The ages of the accounts receivable at March 31, 1976, and June 30, 1975, follow:

<u>Days outstanding</u>	<u>March 31, 1976</u>		<u>June 30, 1975</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$24,624	89.93	\$21,033	94.91
60 through 89	1,904	6.95	932	4.20
90 through 119	850	3.10	163	.73
120 or more	<u>4</u>	<u>.02</u>	<u>36</u>	<u>.16</u>
Total	<u>\$27,382</u>	<u>100.00</u>	<u>\$22,164</u>	<u>100.00</u>

Equipment

A summary of the changes in the equipment account during the 9 months ended March 31, 1976, follows:

	<u>Balance June 30, 1975</u>	<u>Addi- tions</u>	<u>Deduc- tions</u>	<u>Balance March 31, 1976</u>
Video	\$595,808	\$145,392	\$ 530	\$740,670
Motion picture	128,470	29,572	204	157,838
Radio	57,380	624	567	57,437
Office and shop	<u>6,236</u>	<u>-</u>	<u>44</u>	<u>6,192</u>
Total	<u>\$787,894</u>	<u>\$175,588</u>	<u>\$1,345</u>	<u>\$962,137</u>

Equipment additions were:

--Video: two color video cameras, seven color monitors, two zoom lenses, two waveform monitors, two automatic centering units, two remote control panels, two black and white monitors, four precision pulse distribution amplifiers, four kliegl lights, one camera mount, one power supply, one video patch panel, and one audio mixer.

--Motion picture: one tabletop color print processor, one film printer, and one donated 16mm movie copier.

--Radio: one tape cartridge machine.

Deductions included two radio tape cassettes disposed of and adjustments to the recorded value of donated equipment.

OPERATIONS

A comparative statement of revolving fund operations for the 9 months ended March 31, 1976, and the fiscal year ended June 30, 1975, is presented as schedule 2. Revenues exceeded costs by \$36,393 for the period ended March 31, 1976, compared with \$23,986 for fiscal year 1975. The increase of \$12,407 for the fiscal period resulted from a \$3,271 increase in total sales, a \$6,480 decrease in operating costs, and a \$2,656 decrease in loss on disposal of inventory and equipment.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards and included a review of the controls over equipment and inventories, an examination of selected financial transactions, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements from the Studio's accounting records, which were adjusted to an accrual basis. Employee salaries and benefits and certain other operating expenses were paid from appropriated funds and are referred to in a footnote to schedule 2.

In our opinion, schedules 1, 2, and 3, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the House Recording Studio Revolving Fund at March 31, 1976, and June 30, 1975; the results of its operations; and the changes in its financial position for the periods then ended.

Copies of this report are being furnished for transmittal to the Members of the Committee on the House Recording Studio. A copy is also being sent to the Chairman, Committee on House Administration. *14 1700*

Sincerely yours,

R. Z. K. 11u
ACTING Comptroller General
of the United States

SCHEDULES

SCHEDULE 1

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 1976, AND JUNE 30, 1975

A S S E T S

	March 31, <u>1976</u>	June 30, <u>1975</u>
CURRENT ASSETS:		
Cash revolving fund	\$257,720	\$310,853
Petty cash	<u>38</u>	<u>39</u>
Total	257,758	310,892
Accounts receivable	27,382	22,164
Inventory of materials and supplies, at cost	<u>22,437</u>	<u>24,190</u>
Total current assets	<u>307,577</u>	<u>357,246</u>
 FIXED ASSETS:		
Equipment	a/962,137	a/787,894
Less accumulated depreciation	<u>444,280</u>	<u>386,434</u>
Total fixed assets	<u>517,857</u>	<u>401,460</u>
 TOTAL ASSETS	 <u>\$825,434</u>	 <u>\$758,706</u>

a/The current estimated value of excess property acquired from other Federal agencies at no cost is included at \$5,119 for fiscal period 1976 and at \$3,881 for fiscal year 1975.

SCHEDULE 1

L I A B I L I T I E S A N D C A P I T A L

	March 31, <u>1976</u>	June 30, <u>1975</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>33,452</u>	\$ <u>4,355</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,410	183,410
Excess property acquired from other Federal agencies	<u>5,119</u>	<u>3,881</u>
Total	<u>188,529</u>	<u>187,291</u>
Excess of revenue over costs:		
Balance prior years	567,060	543,074
Fiscal year additions	<u>36,393</u>	<u>23,986</u>
Total	<u>603,453</u>	<u>567,060</u>
Total capital and excess of revenue over costs	<u>791,982</u>	<u>754,351</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$825,434</u>	<u>\$758,706</u>

HOUSE RECORDING STUDIO
REVOLVING FUND
COMPARATIVE STATEMENT OF OPERATIONS
FOR THE 9-MONTH PERIOD ENDED MARCH 31, 1976,
AND THE FISCAL YEAR ENDED JUNE 30, 1975

	Total		Motion picture		Radio		Video	
	Period ended		Period ended		Period ended		Period ended	
	March 31,	FY	March 31,	FY	March 31,	FY	March 31,	FY
	1976	1975	1976	1975	1976	1975	1976	1975
REVENUE:								
Sales	\$136,413	\$133,142	\$16,086	\$19,357	\$43,625	\$38,746	\$76,702	\$75,039
COSTS:								
Film materials	7,438	9,797	7,438	9,797	-	-	-	-
Supplies used	579	442	37	23	542	419	-	-
Outside processing	375	284	375	284	-	-	-	-
Maintenance and repairs	28,969	22,797	7,722	5,636	1,372	814	19,875	16,347
Depreciation of equipment	58,195	68,354	7,496	10,202	3,470	4,862	47,229	53,290
Office supplies and expenses	1,980	2,123	660	708	660	707	660	708
Miscellaneous expenses	2,016	2,235	641	745	641	745	734	745
Total costs (note a)	99,552	106,032	24,369	27,395	6,685	7,547	68,498	71,090
Excess of revenue over costs or excess of costs over revenue (-) from operations before loss on disposals	36,861	27,110	-8,283	-8,038	36,940	31,199	8,204	3,949
EQUIPMENT AND INVENTORY DISPOSALS:								
Gain or loss (-) on disposal of equipment and inventory	-468	-3,124	-59	-1,823	-409	-115	-	-1,186
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$ 36,393	\$ 23,986	\$-8,342	\$-9,861	\$36,531	\$31,084	\$ 8,204	\$ 2,763

a/Salaries of \$249,901 (\$316,047 in 1975), employee benefits, and certain other operating expenses of the Studio have been paid from appropriated funds and are not included as expenses in determining the excess of revenue over costs of the revolving fund.

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE 9-MONTH PERIOD ENDED MARCH 31, 1976, AND THE
 FISCAL YEAR ENDED JUNE 30, 1975

	March 31, <u>1976</u>	June 30, <u>1975</u>
FUNDS PROVIDED:		
Sales	\$136,413	\$133,142
Gain on trade-in of purchased equipment	<u>-</u>	<u>3,109</u>
Total funds provided	<u>\$136,413</u>	<u>\$136,251</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 41,324	\$ 38,363
Equipment additions	<u>a/173,855</u>	<u>14,150</u>
Increase or decrease (-) in working capital	<u>-78,766</u>	<u>83,738</u>
Total funds applied	<u>\$136,413</u>	<u>\$136,251</u>

Analysis of Changes in Working Capital
 for the 9-Month Period Ended March 31, 1976

	Increase or decrease (-)
CURRENT ASSETS:	
Cash	\$-53,134
Accounts receivable	5,218
Inventory of materials and supplies	<u>-1,753</u>
Net decrease in current assets	-49,669
CURRENT LIABILITIES:	
Accounts payable	<u>-29,097</u>
NET DECREASE IN WORKING CAPITAL	<u>\$-78,766</u>

a/Excludes a donated 16mm movie copier with an estimated
 value of \$1,731.75.

RECORDING STUDIO REVOLVING FUND
HOUSE OF REPRESENTATIVES

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Report to the Clerk of the House of Representatives on our audit of the House Recording Studio Revolving Fund for the nine-month period ended March 31, 1976, pursuant to his request. Our opinion on the financial statements was unqualified.

NOTE: No index prepared.